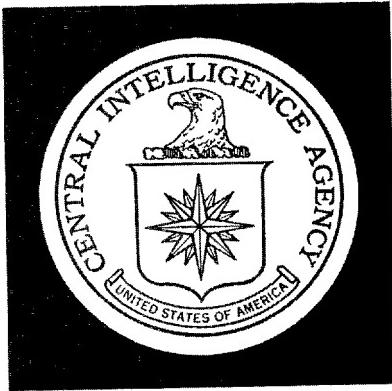


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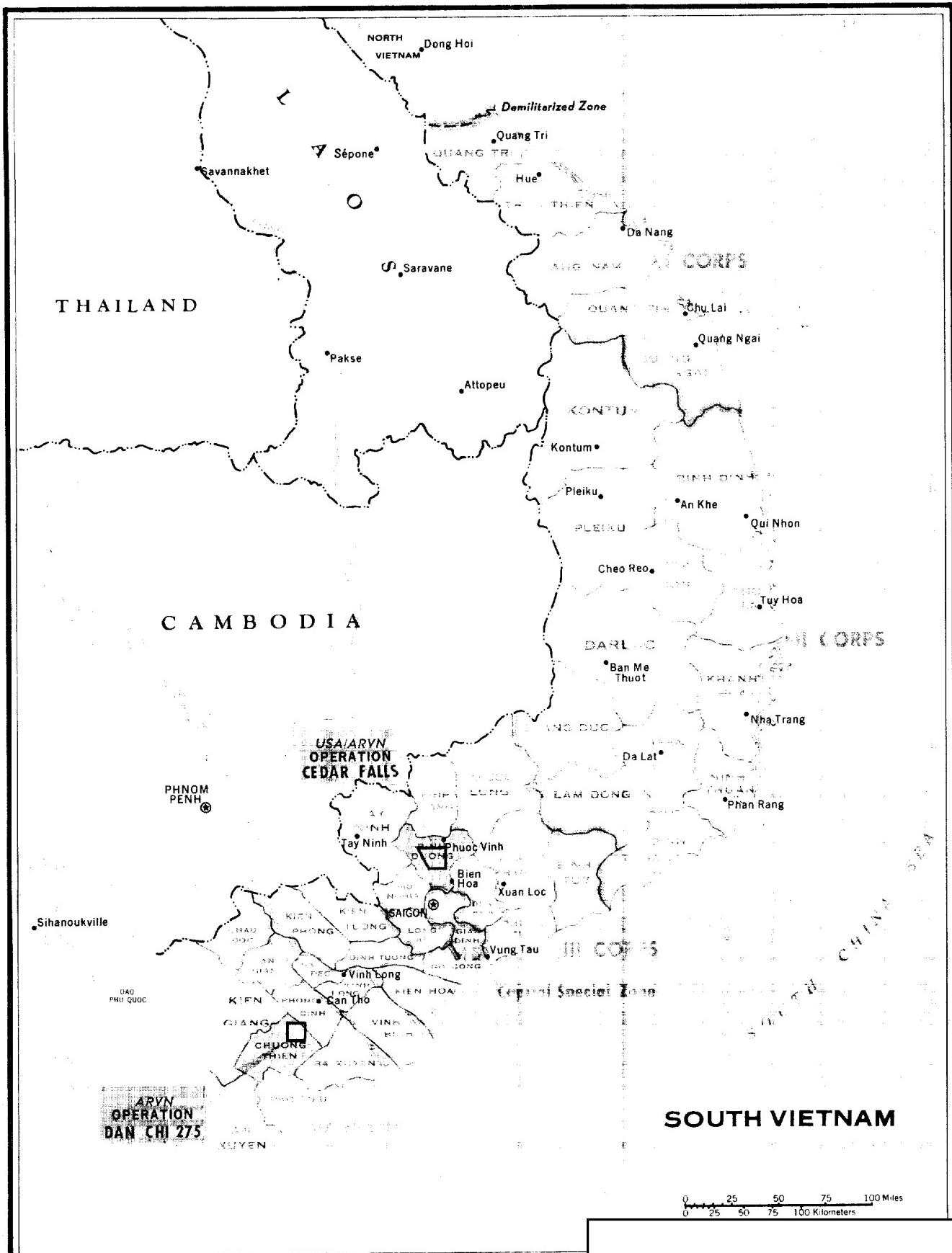
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***Vietnam: (Information as of 4:30 AM EST)**

Political Developments in South Vietnam: A delegation from the ruling Directorate is meeting with key members of the Constituent Assembly to iron out differences over the draft constitution.

A joint session held yesterday was reportedly cordial and resolved at least two relatively minor issues. The Directorate is reported to be particularly dissatisfied with articles concerning the election of province chiefs and the powers of the legislature in relation to the executive branch, as well as with the final chapter which grants additional powers to the Constituent Assembly pending election of a permanent legislature.

The assembly, meanwhile, has rescheduled the opening of its plenary debate on the draft in the hope that the joint meetings will lead to further compromises. According to the US Embassy, the assembly deputies are aware that the wording of several articles in the draft is unacceptable to the government and they appear willing to be flexible.

The deputies are also optimistic that some differences with the Directorate can be resolved during the plenary debates, thereby diminishing the prospect of eventual revision of the constitution by the Directorate.

The Military Situation in South Vietnam: In the nine days since the initiation of Operation CEDAR FALLS, 389 Communists have been killed and over 2,000 tons of rice have been captured. The ultimate aim of this allied sweep, the largest of the war, is to deny the Communists the use of a base area known as the Iron Triangle through the systematic destruction of tunnel structures as well as facilities above the ground which are hidden by dense foliage.

(continued)

Meanwhile, in the delta province of Chuong Thien, elements of the 21st ARVN Division reportedly killed nearly 100 Viet Cong during the opening phase of Operation DAN CHI 275. Troops taking part in the operation reportedly came across 41 prisoners massacred by the retreating enemy.

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Communist China - Macao: The Chinese Communists are renewing pressure on Macao to force Portuguese compliance with their demands.

Peking is incensed over what it considers Lisbon's balking at the use of the word "crimes" to describe the Portuguese actions in suppressing riots last month. The negotiations over the wording of a Portuguese apology have come to a standstill. The commandant of the Macao maritime police believes that evacuation of Portuguese dependents of the military garrison to Hong Kong is imminent.

Communist newspapers in Hong Kong and Macao have started a new campaign to incite public unrest and to intimidate Portuguese authorities. According to a report in the Hong Kong Ta Kung Pao on 16 January, the Macao Federation of Trade Unions declared that if the governor continued to procrastinate Macao Chinese should not sell goods to Portuguese officials, water and electricity to their offices and quarters should be cut off, public transportation should be denied them, and the governor should be asked to get out. Another Communist newspaper reports that mainland authorities have decided to cut by half the water supply to Macao, but this is unconfirmed. The Macao Daily has printed similar threats.

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Israel-Syria: The situation along the Israeli-Syrian frontier has become explosive.

Israel, which had strengthened its forces near the border last week, is moving additional armor into the area, according to local UN observers. UN officials also have reported that Syria has moved "much new armor" into forward areas.

The UN reports were the basis for U Thant's appeal on 15 January for restraint on both sides. Syria's response to U Thant only reiterated Syrian charges that Israel is the aggressor.

*According to press reports, both Israel and Syria have now accepted U Thant's proposal for an emergency meeting of the Israel-Syria Mixed Armistice Commission to discuss the border violence. Israeli Foreign Minister Eban had earlier specified, however, that before such a meeting could be held Syrian "shooting and bombing" must cease.

Eban said Syria was obviously the source of the mines recently planted in Israel near its Lebanese frontier, although he did not absolve Lebanon of responsibility "for aggression coming from its border." Israel suffered its first fatality during the current series of almost daily incidents when one of the mines killed a civilian on 14 January.

Eban also stated that Israel would not call for a meeting of the UN Security Council. Israel's reasons, he said, would be clear to all who examined the fate of Israeli complaints against Syria in the past decade. His statements are meant to imply that, from the Israeli point of view, recourse to the UN has been futile and, therefore, Israel may have to take action on its own.

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Chile-USSR: After months of negotiation, Chile and the USSR signed a \$57-million trade and technical assistance package on 13 January.

The package consists of three agreements: one on trade, a second providing for technical assistance and credits for special projects, and the third dealing with the supply of machinery and equipment. Payments are to be made over periods from eight to 12 years, at interest rates of three to three and one-half percent. All repayments are reportedly to be in convertible currency. Copper, Chile's primary export, is not included at present, but the Chilean ambassador in Moscow stated that some sales might be made in the future.

Neither country has given the negotiation much publicity. President Frei decided against sending a high-level delegation to Moscow to sign the agreements, although the timing has some domestic political value as a balance to his trip to the US next month. Moscow went ahead despite Castro's criticism of Soviet aid to Frei's administration, which is Castro's chief rival in appeal to reform-minded Latin Americans.

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NOTES

USSR-US: The release on bail of American tourist Buel Wortham probably is related to Moscow's interest in passage of US legislation dealing with East-West relations. Influential US congressmen had made clear that the carrying out of Wortham's sentence would jeopardize consideration of the East-West trade bill. The Soviets recently allowed an American professor to leave the USSR without publicity or prosecution for black marketeering and other flagrant indiscretions, which suggests that Moscow wants to avoid further damage to Soviet-US relations.

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Congo (Kinshasa)-Belgium: The Mobutu government apparently has rejected Union Miniere's most recent proposals, but nevertheless is attempting to reduce tensions. On 15 January it took new, largely pro forma actions against Union Miniere but announced that the Congolese assets of the related Societe Generale holding company would not be seized as Mobutu had threatened. The Congolese praised the Belgian Government's mediation efforts and announced that they had presented counterproposals. Although the two sides apparently remain far apart, the dialogue has still been kept open.

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